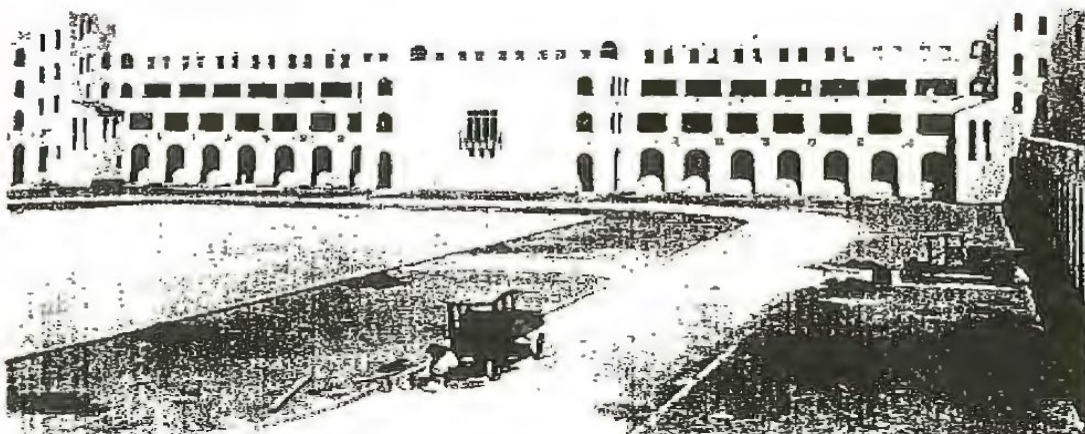


EXHIBIT N

**COMMONWEALTH OF PUERTO RICO
DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS**

**REPORT ON
REAL PROPERTY INVENTORY**

AS OF JUNE 30, 2002



*[Handwritten: Island Council. Contractor: Antonio Higuera
Contract Amount \$ 649,883.94 Rio Piedras]*

PREPARED BY:

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COMMONWEALTH OF PUERTO RICO
DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS
(DTOP, *Departamento de Transportación y Obras Públicas*)

REPORT ON REAL PROPERTY INVENTORY

AS OF JUNE 30, 2002

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METROPOLITAN CONSULTING GROUP

PO Box 40244
San Juan, PR
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September 14, 2002

José Izquierdo Encarnación
Secretary of the Department of
Transportation and Public Works
P/C Mr. Harry Vega, Assistant Secretary
PO Box 41269, Minillas Station
San Juan, Puerto Rico 00940-1269

Honorable Secretary:

As agreed, we are pleased to submit our report of real estate properties owned by the DTOP as of June 30, 2002.

The report is divided into the following classifications: Land, Land Acquired by Gratuitous Title, Structures – Schools, Structures – Fire Stations, Structures – Police Facilities, Structures – Hospitals, Structures – Correctional Institutions, and Structures – Historic Properties.

In line with the request made by the Treasury Consultants, we integrated the land inventory with the inventory of structures to facilitate analysis of the properties. Therefore, we are including a supplementary report of structures with lots.

In addition, under the heading Methodology, you will find a brief summary of the scope and method of identification and appraisal applied to the different real estate items.

Also included is a summary of how we settled the review points submitted by Treasury's consultants regarding our preliminary reports.

We believe that this report fully complies with the requirements of GASB 34. We trust that our work has met your expectations. Please let us know if you have any questions or comments regarding this report.

We would like to take this opportunity to thank the DTOP staff for their cooperation and to thank you for the trust you have placed in our company to perform this important task.

[Illegible signature]

ERIC Y. REYES COLON
General Manager

attachments

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

REAL PROPERTY INVENTORY JUNE 30, 2002

REVIEW POINTS

#	INDICATIONS	DATE	RESOLUTION
1	A preliminary copy of the schools and land that can be capitalized	AUG/19/2002	Submitted on August 15, 2002
2	List of schools reported by the Department of Education	AUG/19/2002	Treasury consultants have a copy.
3	Analysis of school distribution between the DTOP and PBA (Public Buildings Authority)	AUG/19/2002	It was conducted.
4	DTOP visit, to assess the design of the evaluation process.	AUG/19/2002	Our auditors are available for visits and to clarify any doubts, upon prior coordination for such purposes.
5	Exact address of the properties	AUG/20/2002	The information drawn from the files in most cases provides the registry information and not the physical address. Therefore, it is impractical to describe the exact address of the properties, except when it emerges from the records.
6	List of the plots that according to the information available were related to a structure.	AUG/20/2002	The list is included as requested. Please note that the current use of some plots is not the original use for which it was acquired. Therefore, there may be many plots that do not contain the expected structure.
7	List of the plots that were matched with some structure, identified by type of related structure.	AUG/20/2002	See previous provision
8	Separate report of road plots to be recognized by HTA (Highways and Transportation Authority) in its books.	AUG/20/2002	HTA is in the process of preparing its property inventory. However, since our firm was hired to carry out the inventory, the risk of recognizing the same property in both agencies is minimized.
9	Eliminate the market value of land acquired by transfer or for nominal values.	AUG/20/2002	Estimated in accordance with the provisions of GASB 34. Refer to methodology memorandum.
10	Separate structure and plot in those cases where these were registered together.	AUG/20/2002	The recommendations were duly carried out.

11	Information in EXCEL on a CD, editable format.	AUG/20/2002	Will be delivered in a timely manner.
12	Document the DTOP's position regarding the appraisal of easements.	AUG/20/2002	See attached Memorandum.
13	Arrangements with the agencies to certify that the identified facilities exist and are in use.	AUG/20/2002	It was carried out.
14	Verify if the Ballajá facilities belong to the DTOP.	AUG/20/2002	They belong to the DTOP and were therefore included in the list of Historic Properties.
15	Verify if the Capitol belongs to the DTOP.	AUG/20/2002	Yes, it was included in the list of Special Properties.
16	The cost of hospital structures reported by the Department of Health is based on replacement cost for insurance purposes, so it may be overestimated in the report.	SEP/05/2002	It was corrected to reflect the estimated historical cost for each structure, based on the replacement cost reported by the Department of Health as of June 30, 1985.
17	The date of acquisition for Hospital Structures was missing.	SEP/05/2002	They were obtained and included in the report.
18	Special Properties. Identify individually the value basis that was used. Also, whether properties identified as "historic" qualify as such.	SEP/05/2002	Refer to the Memorandum on methodology attached to the report.
19	School Structures: a. Ponce High b. Jose Gonzalez c. Federico Asenjo The records provided by OMEP (Office for the Improvement of Public Schools) reflect the costs of improvements exceeding the total cost of the structure according to the report.	SEP/05/2002	The digitized data provided by OMEP regarding improvement costs is not consistent with the data provided in the document submitted to the Treasury Department. We spoke with Mr. Javier Flores of OMEP, and he acknowledged that the digitized data was not up to date. Therefore, the improvement costs were corrected to reflect the updated data.
20	Penitentiary structures. In some cases, the cost or date of acquisition is not included.	SEP/05/2002	Costs and dates for all penitentiary structures were included.
21	General Remarks. In some cases, the cost or date of acquisition is not included.	SEP/05/2002	All properties listed in the report include the cost and date of acquisition.
22	Prepare a list of properties with limits of \$50,000 (Land) and \$100,000 (Structures).	SEP/05/2002	They are included as part of the Report. There are no structures over \$100,000 since we were able to verify that the few originally identified as such were subsequently disposed of. An example of this was the Normandie Hotel, acquired for \$650,000.

**DTOP
REAL PROPERTY INVENTORY
JUNE 30, 2002**

MEMORANDUM ON EASEMENTS

An Easement is the right that a third party, usually the owner of a piece of land called the dominant estate, has over the adjoining property, known as the servient estate. There are other types of easements such as those constituted in favor of some government agencies so that they can have physical access to some property or to perform installations on properties that do not belong to them. In any case, the titleholder's absolute ownership of a property affected by any type of easement yields a portion of the ownership right in favor of the holder of the easement right. As a general rule, the right of easement, like all other rights *in rem*, is constituted through a public deed. In this way, third parties are given proof that a given property has an encumbrance that in some way damages its title.

GASB #34 requires the appraisal of any rights of easement that may be held by the Agency whose financial statements are to be prepared.

From the primary sources examined, mostly registry certifications and deeds, hardly any easements in favor of the DTOP were found. This is explained by the fact that, due to its functions, the DTOP is not the type of agency that requires easements to carry out its operations, such as

**DTOP
REAL PROPERTY INVENTORY
JUNE 30, 2002**

MEMORANDUM ON EASEMENTS

the Puerto Rico Electric Power Authority or PRASA (Puerto Rico Aqueducts and Sewers Authority). The easements identified as part of our procedure are identified in the list of Lands.

**COMMONWEALTH OF PUERTO RICO
DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS**

**REAL ESTATE INVENTORY
AS OF JUNE 30, 2002**

METHODOLOGY

Lands

We examined each and every one of the files in the custody of the Property Management Office (12th floor, Minillas Sur Building). The following information was obtained from those files containing properties owned by the Commonwealth of Puerto Rico or the Department of Transportation and Public Works (DTOP):

Year of acquisition

Registration information

Cadaster number

Adjacencies

Plot size

Type of property

Acquisition Cost

Information about the document providing evidence
of the transaction.

The information described above is summarized in an information sheet (see attached chart), which is filed by town.

Lands Acquired by Gratuitous Title:

Land acquired by donation, release, transfer, barter, usucapion, or otherwise at no cost to the Department was valued at its fair market value at the time of the transaction, as required by GASB 34.

Properties acquired through purchase whose acquisition cost was \$500.00 or less were presumed to have been acquired gratuitously and, therefore, the procedure described below was applied to them.

The different properties were appraised and unit values per square meter and/or *cuerdas*¹ were established as of 2002 with the Metropolitan Consulting Group team of engineers and appraisers. The estimated values were then brought to the appraisal date through the application of price indexes.

Structures – Public Schools:

The Department of Education (DE) provided a list of all 1,538 schools in use as of June 30, 2002. The list was reviewed, and all schools identified as belonging to the Public Buildings Authority (PBA), according to the list submitted by that agency, were eliminated.

Of the remaining schools, all of which were assumed to belong to the DTOP, the profiles provided by the DE were compiled. The information

¹ Translator's note: In Puerto Rico, a *cuerda* is a traditional unit of land area nearly equivalent to 3,930 square meters

Structures – Public Schools (continued):

contained in the profile includes, among other things, the number of classrooms, laboratories, offices, bathrooms, courts, cafeterias, and other facilities.

Through interviews and consultations with PBA engineers, study of the public school construction guide and a study of the blueprints, a standard unit cost per classroom was determined as of June 30, 2002. These standard unit costs vary depending on the date the school was built. The unit costs determined were as follows:

<u>Period of Construction</u>	<u>Unit price per room</u>
1900 – 1979	\$119,900
1980 – 1989	\$129,000
1990 – 2002	\$165,300

Therefore, the cost of the structure represents a factor of the number of classrooms and the number of additional components of each structure multiplied by the unit cost applicable at the date of construction.

However, the cost thus obtained reflects the construction cost at the purchasing value as of June 30, 2002 (base year).

Structures – Public Schools (continued):

To calculate the cost back to the date of construction of the schools, the price indexes were used as explained below:

- Unit costs were obtained for the year of construction of the indicated school using the “Proymun” report from the PBA.
- The samples analyzed were representative of the different regions (zones) of the island.
- All unit prices shown by year of construction were adjusted to June 30, 2002, which is our base year for “Unit Price Adjustment to the Past”.
- The cost index table was developed with 1926 as the base year by Marshalls & Swift Valuation Services 1901 to 2002, supplemented with past costs and appropriate post-acquisition costs of unimproved properties, yielding values approximating those indicated in the market.

The information sources used to determine the year of acquisition (construction) of the schools were the following:

1. School construction blueprints filed in the inactive archive of the Office for the Improvement of Public School (OMEPS).
2. From the information obtained in the identification of plots, two years were added to those dedicated to schools.

Structures – Public Schools (continued):

3. Telephone interviews with school personnel. (See attached chart.)
4. Information provided by the Public Buildings Authority.
5. When information was not obtained from any of the sources listed above, our auditors physically inspected the school and estimated the date of construction.

The following improvement projects carried out by OMEP were also considered:

Project 1,500, Project 1,000, Project 238, Project \$300,000 (Phases 1, 2 and 3) and the Seismological Rehabilitation Project. The project reports provided by OMEP were used to detail the costs of the improvements for each school and to describe the types of improvements made. In those cases where the improvements referred to classroom additions or other components already considered in the profile, they were subtracted from the data stemming from the profiles so that it reflected the condition of the school before the improvement. The standard unit costs were then applied to the adjusted pre-improvement school profile.

Once the cost of the school before improvements was determined (i.e., adjusted profile multiplied by the standard unit cost converted to the index for the year in which the school was built), the improvement costs

Structures – Public Schools (continued):

per project were added to obtain the adjusted cost per school as of June 30, 2002. Improvement costs of less than \$100,000.00 per school were not considered, in accordance with GASB #34.

As part of the interview/inspection process, inquiries were made about any improvements prior to 1995 (subsequent improvements were reported by OMEP and, therefore, considered in the cost formula) that might exceed \$100,000.00 per school and, if identified, they were added.

Following is a summary of the schools inventoried:

Total number of schools reported by the DE	1,538
Minus: Schools belonging to PBA	(197)
Schools expropriated in 2002	<u>(2)</u>
Total schools belonging to DTOP	<u>1,339</u>

Structures – Fire Stations:

The Puerto Rico Fire Department was asked to provide a list of all the stations under its custody. The list provided by the Fire Department contained the address and name of the person in charge of each of the 93 fire stations currently in use.

Subsequently, a request was made to the PBA and a list of the stations belonging to it (51 in total) was obtained. It was concluded that the remaining 42 stations are owned by the DTOP.

Structures – Fire Stations (continued):

By analyzing the documents available in the DTOP Heritage Property Archive and through interviews at PBA and with personnel from the stations themselves, the size and year of construction of the structure was determined.

From consultations with the PBA engineers and the results obtained from the sampling of 32 stations in which a procedure similar to the one used in the schools was followed, it was possible to determine the size and year of construction of the structure.

The unit value was determined to be \$150 per square foot of construction at the 2002 price. As in the case of the schools, the costs were adjusted to the construction date by applying price indexes.

Structures – Police Facilities:

The Puerto Rico Police Department was asked to provide a list of all the stations and facilities they administer and the name of the owner of the property they occupy. The list provided by the Police contained the physical address, ownership, and size of the structures. From the document sent by the Police, it appears that the DTOP has ownership of 19 police facilities.

By analyzing the documents available in the DTOP Heritage Property Archive and through interviews at PBA and with personnel from the

Structures – Police Facilities (continued):

police stations, the year of construction of the structure was determined.

From consultations with PBA engineers and the results obtained from the sampling of 87 stations in which a procedure similar to that used for the structures described above was followed, the unit value was determined to be \$150 per square foot of construction at 2002 prices. As with the schools and fire stations, the costs were adjusted to the construction date by applying price indexes.

Structures – Hospitals:

The Department of Health was asked to provide a list of all the hospitals under its custody. The list provided by the Department of Health identified the facilities belonging to PBA. A total of 24 hospital facilities were identified as belonging to the DTOP. The list also contained the estimated value of each of the structures as of June 30, 1994. These values were based on values as of June 30, 1985, adjusted by an estimated annual increase of 4%.

We decided to use the estimated values as of the year 1985 because they were closer to the date of acquisition of the structures. For this purpose, we met with the official in charge of property insurance at the Department of Health, who provided us with the estimated values as of June 30, 1985 for each structure, except for the following:

- a. Medical Residence Building

Structures – Hospitals (continued):

- b. Electrical Plant
- c. CDT - Maricao
- d. Ext. Dr. Ruiz Arnau House
- e. Medical Center – Morovis
- f. Medical Center – Quebradillas

We were also provided with the date of acquisition of each structure. Using the 1985 price index as the denominator and the year of delivery of the structure as the numerator, we adjusted the index. This in turn was multiplied by the estimated value of the property as of June 30, 1985 (1994 for structures whose value as of 1985 was not available), thus obtaining the estimated cost of each structure.

Structures – Correctional Institutions:

A list of all its facilities was requested from the Department of Corrections. The list provided by Corrections contained the physical address and the person in charge of each of the facilities. From the document sent by Corrections, it appears that DTOP has ownership of 15 of its facilities. Through analysis of the documents available in the DTOP Heritage Property Archive and through interviews at PBA and with personnel from the institutions, the year of construction of the structures was determined.

Structures – Correctional Institutions (continued):

From consultations with PBA engineers, the minimum requirements were used to estimate costs as of June 30, 2002 for those facilities for which it was not possible to obtain specific cost data. As with schools, police stations and fire stations, the costs were adjusted to the construction date by applying price indexes.

Structures – Historic Properties:

Historic properties were considered to be those that have been assigned to the Institute of Puerto Rican Culture (ICP, *Instituto de Cultura Puertorriqueña*) and that have been nominated to the National Register of Historic Places because of their historical or cultural value.

The ICP was asked for a list of the properties under its custody. This identified 33 properties, all of which have been nominated to the National Register of Historic Properties with an assigned value for insurance purposes. It should be noted that many of these properties are of immemorial date and there are no accurate records on the costs involved in their restoration.

In an interview with Ms. Enid Torregrosa de la Rosa, Director of the Historic Preservation Office, after examining the values assigned to the

Structures – Historic Properties (continued):

properties by the ICP, she informed us that they are extremely conservative considering the cultural and historical value of each of these properties. Therefore, taking into consideration the complexity of the valuation of the properties involved, in deference to the technical expertise of the ICP and the conservative approach with which they were valued, we decided not to alter the values presented by the ICP for the 33 properties under its custody. In addition, the following properties were considered as historic properties:

<u>Property</u>	<u>Value Basis</u>
Palace of Santa Catalina	Estimated cost of reconstruction as of JUN/30/02
Capitol	Estimated cost of reconstruction as of JUN/30/02
Casillas de Camineros	Estimated historical cost
Ballajá Barracks	Historical cost of restoration projects

The sources of information were obtained from the General Archive of Puerto Rico through publications such as: Annual Reports of the Governor (1920 to 1935), the Album of Public Works from 1917 to 1928, and Architecture in San Juan, 19th Century, among others. We also interviewed several officials from the General Archive of Puerto Rico, the State Historic Preservation Office of the Institute of Culture, and the Military Archive of the National Park Service.

Related information such as plans, costs and construction dates were also obtained from the DTOP Patrimonial Heritage Archive.

Structures – Courthouses:

A request was made to the Courts Administration to provide us with a list of all the facilities under its custody. On August 5, 2002, the person in charge of the Facilities Management and Special Services Division confirmed that none of their facilities belong to the DTOP. Therefore, no structure under the possession of the Courts Administration is included in this report.



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#2020_03_MLBK-004

CERTIFICATE OF TRANSLATION ACCURACY

Translation from Spanish to English

We, Lango, Inc, hereby certify the document(s) attached herewith are translated by experienced and qualified bilingual translators with comprehensive knowledge of their source and target languages, and that each translated document is prepared as an exact, accurate and true translation of the original document, following industry-wide accepted processes for producing a certified translation.

Lango and its partners are members of the following associations:



This is to certify the correctness of only the translation. We do not guarantee the original (untranslated) document to be genuine or that the statements in the original document are true.

Jeffrey Daniel Schmidt
Chief Revenue Officer – Lango, Inc

Date: March 9, 2020

